

28 July 1960

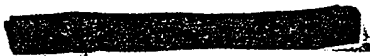
CUBAN SITUATION

In his letter of congratulations to Fidel Castro on the seventh anniversary of the founding of the 26th of July Movement, Khrushchev seemed to be making a further effort to calm the adverse reaction evoked throughout the world by his earlier threat to use missiles against the United States in the event of intervention against Cuba. Although taking the occasion again to accuse "monopolistic circles" in the United States of striving, by an economic blockade and by planning to intervene against Cuba, to destroy the revolution, he declared that the Cuban people are not alone in their struggle, and pledged that the Soviet Union would give "the necessary support" in case of armed intervention.

These less belligerent statements, in no way committing

the Soviet Union to any specific action, follow closely on the joint Cuban-Soviet communiqué issued on 20 July at the close of Raul Castro's four-day visit to Moscow. Khrushchev at that time resorted to the ambiguous phrase "use everything to prevent US armed intervention." He minimized the likelihood of this by saying that the US statement disavowing any intention for such a move was a commitment assumed before the entire world. While the communiqué makes clear that the US statement was issued after Khrushchev's threat, it refrains from claiming credit for it, even by implication.

The communiqué's emphasis on "economic repression" and Soviet readiness to make up for supplies cut off by the West on a trade rather than aid basis tends to divert attention from



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the potential Soviet military role in Cuba.

Economic Agreements With Bloc

Communist China's new economic pact with Cuba marks the first Chinese trade and aid effort in the western hemisphere and probably foreshadows establishment of diplomatic relations. The pact calls for Peiping to take 500,000 tons of Cuban sugar annually during the next five years in exchange for Chinese rice, textiles, and industrial products. As now envisaged, total Sino-Cuban trade will amount to about \$70,000,000 a year--far more than China's past trade with all of Latin America. The Chinese also offer to extend long-term credits for industrial development and to send technicians to Cuba. Details for such a program are to be worked out when a Cuban delegation pays a return visit to Peiping.

By stepping in to absorb the cut in Cuba's US sugar quota, Moscow and Peiping have facilitated the drastic reorientation of Cuba's economy toward the bloc. The bloc now has agreed to purchase about 2,500,000 tons of Cuban sugar this year--worth some \$170,000,000. Bloc purchases may amount to as much as one half of total Cuban sugar sales; they already exceed the amount sold the United States.

Shipments of bloc goods to date have been confined chiefly to Soviet oil and fertilizers, but machinery and equipment from bloc sources will soon begin arriving in quantity.

the first major shipments of bloc trucks, buses, communications equipment, and agricultural machinery will probably begin in August and be stepped up

throughout the latter part of 1960.

Under both trade and credit agreements, the bloc is to supply Cuba with some 56 "complete factories," ranging from a steel plant to small workshops turning out light industrial products. The total cost of machinery and equipment for these installations is estimated at over \$50,000,000, not including the steel mill. Bloc technical assistance is to be furnished on a large scale.

Soviet performance to date in exploiting the Cuban situation indicates that a major effort will be made to carry out the new commitments. The promised economic aid, plus mounting bloc sugar purchases, make Cuba more dependent on expanded economic relations with the bloc.

Latin American Youth Congress

The long-planned Latin American Youth Congress, which began officially on 26 July in the Sierra Maestra, is a major propaganda effort to promote the Castro and Communist goal of "liberating America from US imperialism." Important groups in Venezuela, Bolivia, Chile, Peru, and other countries boycotted the meeting because of its expected Communist domination, but delegates from nearly all Latin American countries are taking part. Most Sino-Soviet bloc nations sent delegations.

Prominent Latin American leftist leaders in Cuba for the celebrations on 26 July included former President Arbenz of Guatemala--who left his Uruguayan exile despite Montevideo's warning that he would not be readmitted--and Mexican Communist

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leader Vicente Lombardo Toledano, who flew to Cuba from a 20 July anti-Trujillo labor conference in Caracas.

Pro-Castro groups in other Latin American countries have been active with demonstrations of support for Cuba timed to coincide roughly with the 26 of July anniversary. On 23 July the Venezuelan Chamber of Deputies unanimously passed a resolution supporting "the struggle of the Cuban people for their national liberation"--a move which may strengthen the hand of the pro-Castro foreign minister in his differences with President Betancourt over treatment of the Castro regime. In Mexico City, a leftist-sponsored mass demonstration is planned for 31 July in ostensible support of President Lopez Mateos, but probably with the intent of pressing his government to take a firmer pro-Castro stand.

Internal Opposition

Prominent Cubans are continuing to resign their positions, and further defections are likely. Dr. Perez Cisneros, alternate Cuban representative to the OAS Council, resigned over the pro-Soviet trend of the Cuban Government. Former President Carlos Prío Socarras reportedly is prepared to seek asylum in an embassy in Havana if the Castro government refuses him permission to leave for medical treatment in Spain in early August.

Despite the lack of organization among anti-Castro elements, the increasing security measures being taken by the government reveal its concern over internal opposition.

arrests of counterrevolutionaries are continuing, and militia units under army supervision are reported to be patrolling beach areas of Havana Province to prevent clandestine attempts to enter or leave Cuba by sea.

Fidel Castro allegedly is receiving more protection in order to prevent attempts on his life. A possibly different light is cast on these protective measures by the comments made to US Ambassador Bonsal by the Argentine ambassador in Havana concerning his interview with Castro on 23 July. The Argentine ambassador, who knows Castro well, got the impression that the premier did not feel free to speak frankly with him in the presence of "Che" Guevara and had become a virtual prisoner of Guevara's pro-Communist clique.

On the economic front, Enrico Mattei, head of the Italian oil monopoly, has rejected an initial Cuban request for him to assume full responsibility for operating the refineries, but he is considering supplying refinery equipment and technical assistance on a cash basis. Officials of the seized refineries in Cuba say access to replacement parts is likely to be Cuba's biggest problem in running them.

West Germany continues to delay concluding a trade agreement with Cuba, and Bonn officials have recently expressed concern that the Castro regime, annoyed at these hesitations, may grant diplomatic recognition to East Germany.